GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

STARRED QUESTION NO:66
ANSWERED ON:23.11.2000
HIKE IN THE PRICE OF PETROL, DIESEL AND LPG
BHAVNA DEVRAJ CHIKHALIA;RUPCHAND PAL

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the prices of Petroleum, Diesel, Kerosene and LPG was substantially increased recently;

(b) if so, the details thereof along-with the reasons therefor, State-wise;

(c) the rationale for the fixation of the revised prices;

(d) the impact of this hike on the farmers and the common man;

(e) whether the Government have considered other alternative proposals viz. Reducing or withdrawal of excise and custom duty etc. before taking a decision for this hike in prices;

(f) if so, the details thereof; and

(g) whether the Government are considering to roll back the increased prices?

Answer

MINISTER OF PETROLEUM AND NATURAL GAS (SHRI RAM NAIK)

(a) to (g): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN THE REPLY TO PARTS (a) TO (g) OF LOK SABHA STARRED QUESTION NO.66 FOR 2
2000 REGARDING HIKE IN THE PRICE OF PETROL, DIESEL AND LPG

(a) to (g): Prices of Brent crude oil (petroleum) had increased from US dollar 10.23 per barrel (Rs.3,313 per tonne) in February, 1999 to US dollar 27.26 per barrel (Rs.8,944 per tonne) by March, 2000 and to a ten year high of over US dollar 37 per barrel (Rs.12,000 per tonne) in September, 2000. The prices of crude oil in the international market had increased over 210% between February, 1999 and September, 2000. Hence, the increase in the product prices had become necessary to meet a part of the increased cost of sourcing of crude oil and products, for meeting the domestic demand. The prices at the ex-storage point level were revised with effect from 30th September, 2000 as follows:

Name of product	Selling Unit	Price before revision (Rs./selling unit)	Price after revision (Rs./selling unit)
Petrol	litre	15.40	19.00
Diesel	litre	9.63	11.93
LPG(Domestic)	cylinder	154.00	185.00
Kerosene (PDS)	litre	4.50	7.00
ATF	litre	12.76	14.76

Considering consequential impact of price hike on all sections of people, the increase was kept to the minimum. Simultaneously, Government had also reduced duties of custom on crude oil from 15% to 10% and on petroleum products from 25% to 20%; duties of excise was reduced from 16% to 12% on HSD and from 32% to 16% on MS with effect from 30th September, 2000.

The Government after further considering all aspects, have decided to reduce the retail selling price of PDS kerosene, the domestic fuel of the poor, by around Re.1 per litre; and of domestic LPG around Rs.10 per cylinder with effect from 22nd November, 2000.